A2500-2

Paper Paperboard & Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 64 - No. 6 JUNE 1986

PAPER AND PAPERBOARD: MOVING UPWARD

Demand for paper and paperboard returned in May to the record high range it had reached at the beginning of the year. Production for the first five months of 1986 was ahead of production last year in all the major paper grades except packaging and coated papers, with the paperboard grades up briskly due to a favorable export picture and continued strength in domestic demand.

Production of paper and paperboard has been fluctuating about a relatively flat trend about 4% above the 1985 total in recent months. After some easing in the February-March period, the rate of production moved back to the 70 million-tons-per-year level established in January of this year. The trend level in May (two months seasonally adjusting moving average) was 70.5 million tons per year and preliminary weekly data indicate that this rate was maintained well into June.

Advances over the first five months of last year continue to center on the paperboard grades, partly due to a bolstering in the export markets for all of the four major grades. Leading the way was unbleached kraft linerboard production for export which was a heartening 17.7% over year-ago levels. With exports of the other paperboard grades strong, total production for export reached an annual rate of 2.7 million tons, 15.1% above last year's comparable figure. Total paperboard production in the first five months gained 6.3% over the depressed January-May 1985 total; the gain in paper production over its relatively strong 1985 level was 2.6%.

Paper: Among the paper grades, the largest gains were in uncoated free sheet, bleached bristols and cotton fibre papers.

As shown in the table on page 3, shipments of total printing and writing papers in the first five months of 1986 were 3.0% above their year-ago level. Uncoated groundwood production fell behind

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last year's five month total while coated papers showed a 3.8% decline from 1985 levels.

The 3.0% gain in the total is measured against the highest shipment rates reached in 1985: in the early months of of that year shipments were still close to the breathtaking peaks of the third and fourth quarters of 1984. Shipments tapered off over the remainder of 1985, bringing the year's total to 18.5 million tons. Total shipments of printing and writing papers so far this year annualize to a rate of 19.3 million tons, around 5% above the totals for both 1984 and 1985.

Production of uncoated free sheet papers was at an annual rate of 10.4 million tons in January-May of this year. This record-high level is 6.8% over the total for 1985 and 13.1% over 1984's total. The major sources of strength for this grade lie in the bond and writing sector, supported by continued demand for office copier and computer papers, as well as solid demand for the printing grades. An additional 350,000 tons of annual capacity in this grade is expected on-line shortly.

Bleached bristols and cotton fibre papers shipments in the first five months of 1986 posted encouraging gains over January-May 1985 at 7.8% and 5.4%, respectively.

Newsprint production continued to climb in May, bringing the year-to-date annual rate to 5,589,000 tons, above both the 1984 and the 1985 totals. Consumption is also strong, especially by daily newspaper publishers, with the seasonally adjusted consumption averaging 2.3% above year-ago levels so far this year. Shipments in the first five months posted a 1.6% gain over January-May 1985.

Demand for packaging and industrial papers was slightly below year-ago levels, with the "other paper" production losing 1.2%. This includes the specialty packaging and industrial grades.

The largest non-industrial sector of the paper industry is tissue paper. Its products are largely earmarked for private and institutional consumption in the form of sanitary paper products. Production of these grades was at an annual rate of 5.1 million tons in the first five months of 1986, 4.6% over the comparable 1985 figure. This compares well with the record high 4.9 million produced in 1984 and 1985.

Paperboard: Paperboard production in the first five months, as noted earlier, was 6.3% over the year-ago rate.

Within the paperboard grade structure, containerboard production for domestic use climbed to 21.1 million tons per year,

Continued on Page 10

PAPER AND PAPERBOARD STATISTICS

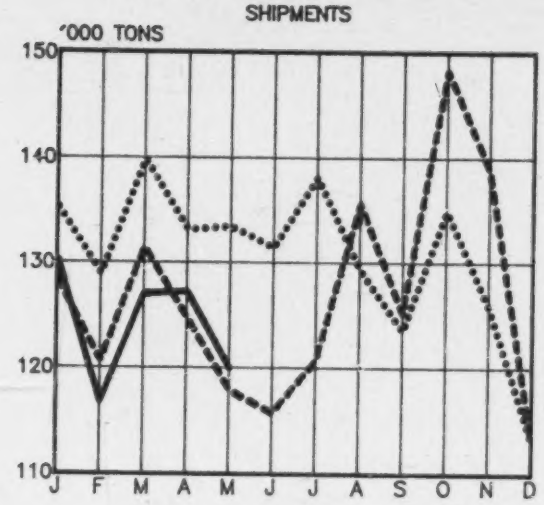
PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

	YEAR 1984	YEAR 1985	FEB. 1986	MAR. 1986	APR. 1986	MAY 1986	Annual Rate Y-T-D 1986	% Change From same Period Last Year
PAPER								
Newsprint - Production	5539	5428	434	489	451	492	5589	1.6
- Shipments	5584	5417	434	486	452	489	5488	0.2
Printing & Writing sum	18397	18450	1521	1661	1606	1608	19328	3.0
Groundwood Paper - Shipments	1565	1516	117	127	127	120	1489	-0.1
- New Orders	1575	1477	115	128	138	108	1521	9.8
-Unfilled Orders	140	106	116	115	126	121	121	23.3
Coated Papers - Shipments	6249	5875	488	504	510	497	6044	-3.8
- New Orders	6281	5642	490	533	498	503	6171	6.9
- Unfilled Orders	575	393	404	428	421	454	454	14.2
Unctd Free Sheet - Shipments	9207	9750	808	910	856	876	10414	7.7
- New Orders	8939	9704	827	888	858	898	10460	8.7
- Unfilled Orders	430	509	496	467	472	508	508	2.4
Thin Papers - Shipments	267	241	18	19	19	20	235	-8.1
Cotton Fiber Paper - Shipments	147	144	12	13	13	13	154	5.4
Bleached Bristols - Production	961	924	79	88	81	83	992	7.8
Tissue Paper - Production	4921	4941	399	436	422	456	5145	4.6
Total Packaging & Other Paper	5555	5210	405	446	443	453	5238	-0.4
Unbl. Kraft Paper - Shipments	3666	3410	263	293	293	297	3447	0.1
Other Paper - Production	1889	1800	142	152	151	157	1791	-1.2
TOTAL PAPER-Production-Unadj. *	34411	34029	2759	3031	2923	3009	35300	2.5
-Production-S.A. *			2873	2871	2929	2953	34929	2.6
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	26403	25404	2071	2326	2229	2360	26970	5.6
Total Unbl. Kraft Paperboard	17185	16368	1325	1496	1424	1529	17365	5.1
Unbl. Kraft Linerboard (1)	16037	15183	1223	1345	1348	1411	16034	4.2
Production for Export	2086	1830	151	199	156	169	2038	17.7
Other Unbl. Kraft Paperboard	1149	1184	102	151	76	119	1331	18.2
Semichemical Paperboard	5169	5088	409	452	443	457	5275	4.5
Production for Export	149	189	13	15	15	13	177	15.0
Solid Bleached Paperboard	4048	3948	337	378	361	373	4330	9.1
Production for Export	478	466	41	44	50	46	507	7.1
Recycled Paperboard	7637	7630	642	708	697	705	8267	8.8
Production for Export	17	26	2	2	2	2	25	-6.3
TOTAL PAPERBOARD-Prod.-Unadj. *	34039	33034	2713	3034	2926	3065	35237	6.3
- Containerboard Prod.(Dom. Use)	20993	20042	1628	1795	1753	1862	21142	4.1
- Boxboard Prod.(Dom. Use) (2)	5783	5673	473	535	504	514	6086	6.2
- All Other P'bd Prod.(D.U.) (2)	4531	4808	405	445	445	459	5262	11.5
- Total Paperbd Prod. for Export	2731	2511	207	260	223	230	2747	15.1
TOTAL PAPERBOARD PROD.- S.A. *			2890	2835	2917	2903	34726	6.2
TOTAL PAPER AND PAPERBOARD								
Production - actual *	68450	67063	5471	6065	5849	6074	70537	4.4
Production - S.A. *			5763	5706	5846	5856	69655	4.4

(1)Includes all exports of kraft paperboard. R - Revised P - Preliminary S.A. - Seasonally Adjusted
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.
* NOTE: Year 1984 contains one more day than year 1983 and 1985.

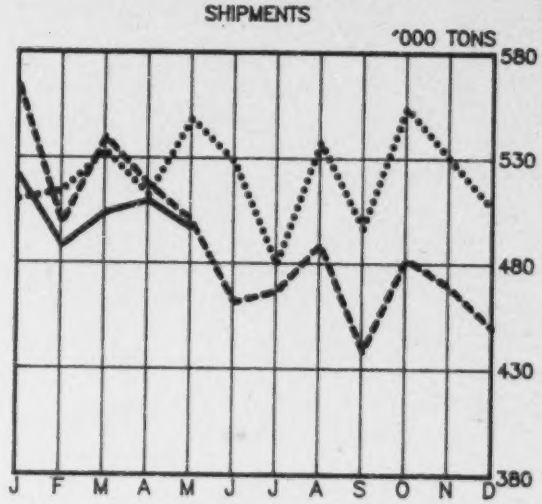
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



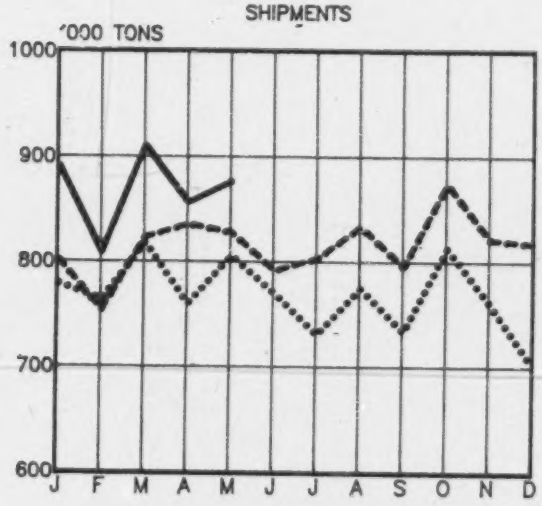
COATED PAPER

SHIPMENTS



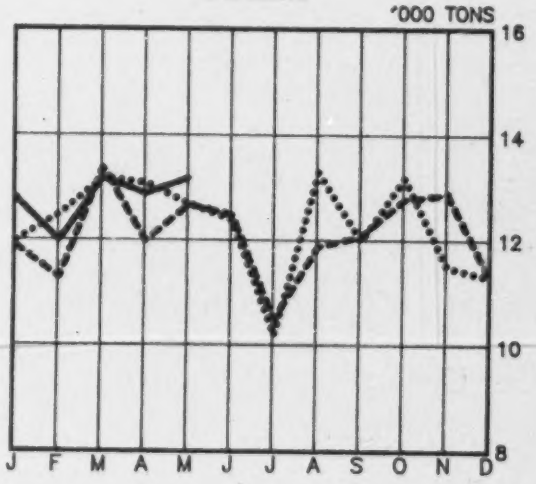
UNCOATED FREE SHEET PAPERS

SHIPMENTS



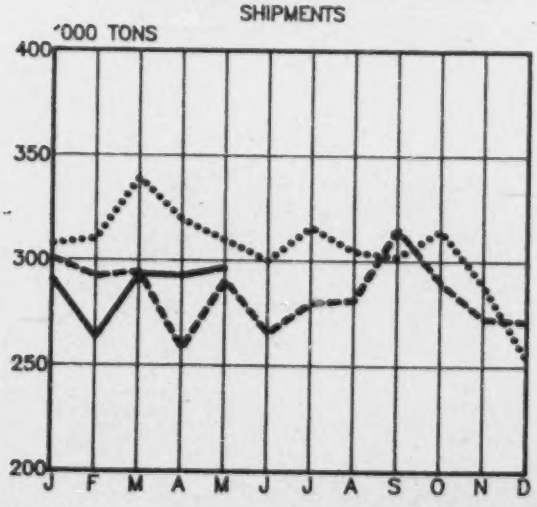
COTTON FIBER PAPER

SHIPMENTS



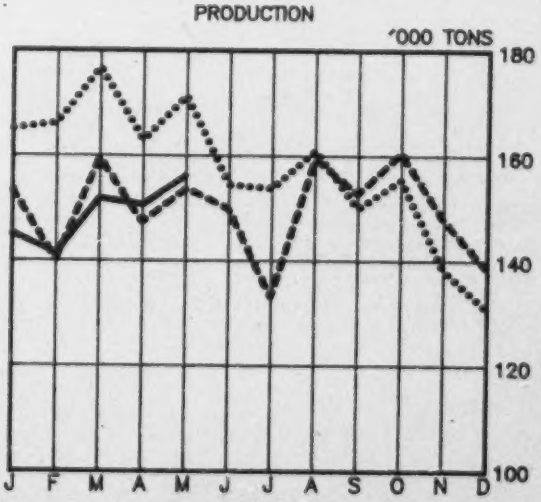
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1984 ••••••••• 1985 ▬▬▬▬ 1986 ——————

WOOD PULP STATISTICS
(Thousands of Tons)

	YEAR 1984	YEAR 1985	JAN 1986	FEB 1986	MAR 1986	APR 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
					R	P		
TOTAL WOOD PULP								
Total Wood Pulp - Production	55470	54170	4846	4407	4844	4604	56101	2.7
- Imports	4490	4466	383	335	387	349	4359	-2.3
- Exports	3594	3791	368	342	414	358	4443	18.5
- New Supply	56367	54844	4861	4399	4816	4595	56017	1.2
Dissolving Pulp - Production	1206	1174	107	95	109	97	1223	-4.4
- Imports	161	175	31	13	22	22	263	56.9
- Exports	595	631	55	48	57	62	666	-7.8
- New Supply	772	718	82	60	74	58	819	13.1
Paper Grades - Production	44690	43696	3931	3576	3922	3703	45394	3.5
Chemical Pulp - Imports	4023	4104	348	317	361	320	4036	-2.0
- Exports	2945	3131	310	288	340	292	3691	23.4
- New Supply	45767	44668	3968	3605	3942	3731	45738	1.7
Groundwood and - Production	5506	5251	463	425	467	457	5435	.0
Thermo-Mech. - Imports	306	187	4	4	5	7	61	-65.9
- Exports	54	29	2	6	16	4	86	140.2
- New Supply	5758	5409	465	424	455	460	5410	-3.0
Semi-Chemical - Production	4069	4050	346	311	346	347	4049	0.4
- Imports			- - - - - - Included in Groundwood Pulp - - - - - -					
- Exports								
- New Supply	4069	4050	346	311	346	347	4049	0.4
MARKET WOOD PULP								
Total Market - Production	6898	6800	622	589	636	590	7310	4.1
Wood Pulp - Imports	2968	2791	246	221	270	247	2951	11.3
- Exports	3511	3784	389	365	391	355	4500	22.9
- New Supply	6355	5807	479	445	515	481	5761	-4.2
Dissolving Pulp - Production	1205	1171	106	94	108	97	1214	-5.1
- Imports	204	174	26	8	22	22	232	28.3
- Exports	690	666	54	57	55	66	695	3.3
- New Supply	718	679	78	45	75	52	752	-4.6
Paper Grades - Production	5680	5605	515	495	526	493	6087	6.3
Chemical Pulp - Imports	2664	2531	217	210	244	221	2675	9.6
- Exports	2821	3117	335	308	336	289	3806	27.3
- New Supply	5523	5019	397	397	434	424	4956	-4.3
Groundwood Pulp - Production	14	24	1	0	2	0	9	-34.0
and All Other - Imports	100	86	3	3	4	4	44	41.3
- Exports	1	1	0	0	0	0	0	0.0
- New Supply	114	109	4	3	6	5	54	19.5

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

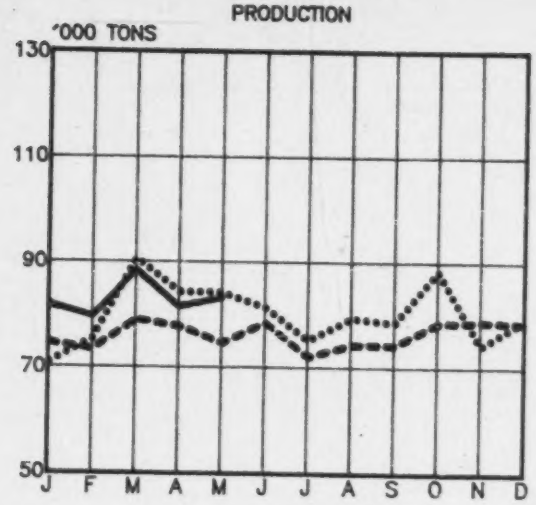
FIBROUS RAW MATERIALS
(Thousands of tons)

					R	P		
CONSUMPTION AT PAPER & PAPERBOARD MILLS								
Total	70488	68632	6114	5564	6152	5806	70908	2.8
Total Wood Pulp	54562	53297	4715	4277	4739	4461	54579	1.9
Waste Paper	15926	15290	1399	1287	1413	1345	16329	5.7
INVENTORIES								
Chemical Paper Grade Market Pulp								
Producers' Own-Use Inventories	174	164	165	157	143	142	142	-13.9
Producers' Market Inventories	585	486	444	422	372	367	367	-42.4
Consumers' Purchased Inventories	545	492	504	528	543	529	529	4.8
Waste Paper at Paper & Bd. Mills	1053	978	954	906	874	878	878	-11.4
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	42	30	26	25	20	20	20	-48.7

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

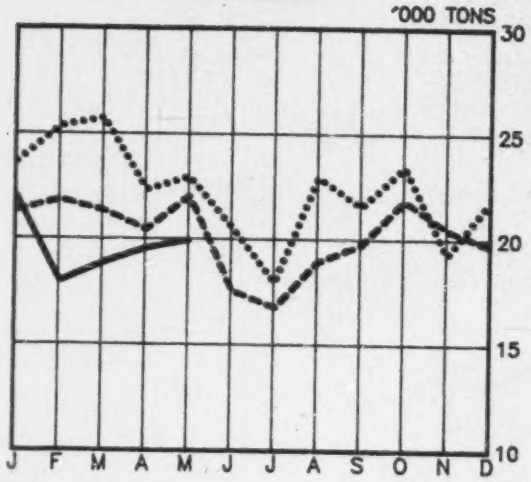
BLEACHED BRISTOLS

PRODUCTION



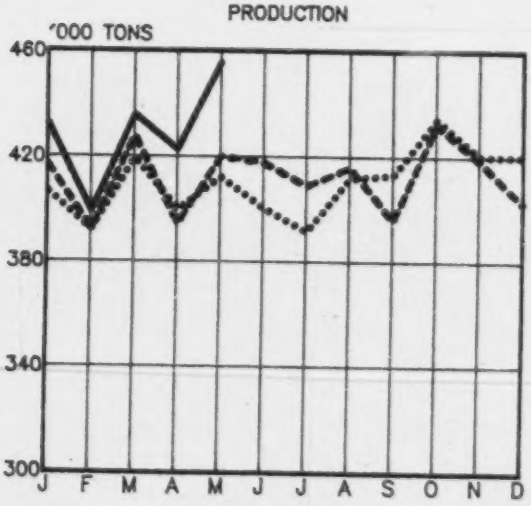
THIN PAPER

PRODUCTION



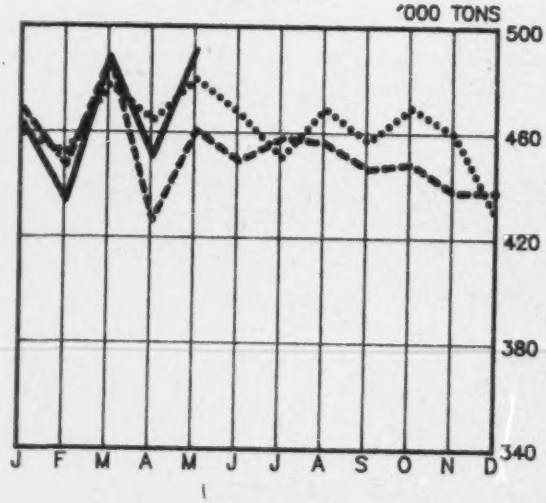
TISSUE PAPER

PRODUCTION



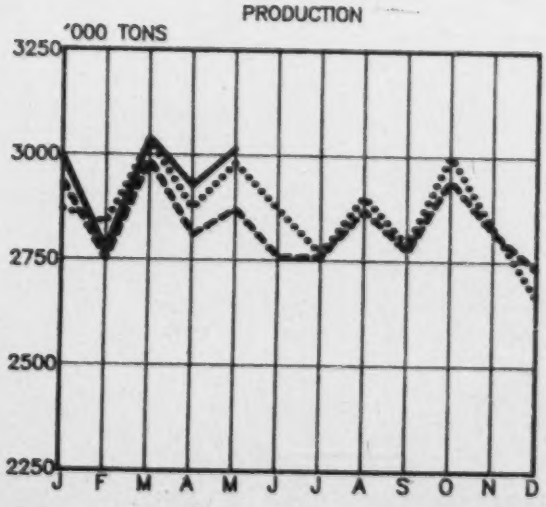
NEWSPRINT

PRODUCTION



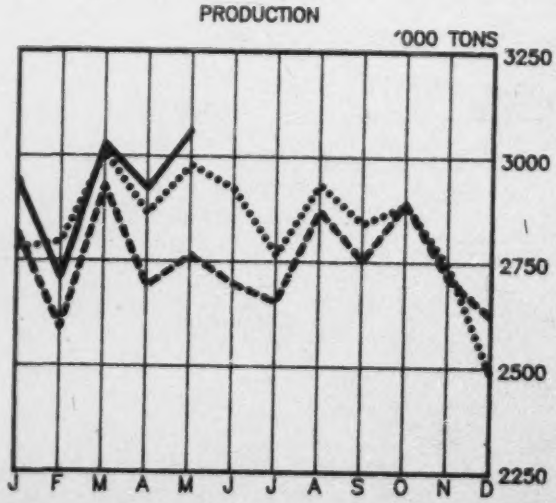
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1984 ••••••••• 1985 ▬▬▬ 1986 ——

F I B R O U S R A W M A T E R I A L S
(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1984	YEAR 1985	JAN. 1986	FEB. 1986	MAR. 1986	APR. 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	88876	85503	8088	7483	7294	7591	91368	4.9
	- Total Consumpt	87646	85744	7880	7261	7478	7742	91083	4.0
	- Residues *	32072	30447	2842	2668	2623	2974	33321	9.5
	- Inventories	5574	5046	5491	5807	5433	5335	5335	3.9
So. Atlantic	- Total Receipts	27654	27589	2665	2393	2410	2573	30123	8.0
	- Total Consumpt	27344	27815	2544	2350	2436	2551	29643	5.3
	- Residues *	8198	7970	838	772	699	802	9333	17.3
	- Inventories	1444	1117	1224	1210	1243	1147	1147	-11.5
Northeast	- Total Receipts	7665	7430	656	665	625	520	7398	-5.0
	- Total Consumpt	7474	7394	666	601	635	639	7623	-5.0
	- Residues *	1501	1539	110	111	125	138	1452	-8.7
	- Inventories	590	544	500	560	540	411	411	-16.1
South Central	- Total Receipts	30693	29786	2891	2596	2454	2604	31635	3.9
	- Total Consumpt	30502	29914	2787	2546	2572	2623	31584	3.8
	- Residues *	9059	9207	860	764	763	829	9648	3.1
	- Inventories	1304	1198	1339	1418	1279	1262	1262	7.9
North Central	- Total Receipts	6872	6430	620	616	504	423	6489	-0.4
	- Total Consumpt	6563	6296	555	533	548	567	6609	3.6
	- Residues *	1472	1290	97	94	85	92	1104	-19.3
	- Inventories	906	884	976	1061	970	873	873	-0.7
West	- Total Receipts	15992	14264	1256	1213	1301	1471	15723	8.8
	- Total Consumpt	15763	14325	1328	1231	1287	1362	15624	7.1
	- Residues *	11842	10458	937	927	951	1113	11784	16.0
	- Inventories	1330	1303	1452	1558	1401	1642	1642	26.2

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 17-Jun-86

U N I T E D S T A T E S T R A D E W I T H C A N A D A

IMPORTS FROM CANADA

	YEAR 1985 Tons	YEAR 1985 $000's	MAR. 1986 Tons	MAR. 1986 $000's	APR. 1986 Tons	APR. 1986 $000's	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	21604	2462	356	35	6058	463	30978	-40.2
Pulpwood chips	788486	21955	76924	2417	85257	1978	873393	-8.1
Wood Pulp, Total	4020736	1385871	349856	111300	324954	106464	3629850	-12.5
Waste Fibrous Materials, Total	144564	26371	13345	2481	11909	1845	158552	-3.4
Paper, Board & Products, Total	9734523	4306694	826649	358060	748067	332781	9594429	-2.1
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	9640776	4164985	816451	341081	738696	317105	9481245	-2.5
Paper, Paperboard & Products	9380235	4215314	805061	351446	725994	326252	9352790	-0.8
Paper & Paperboard, Only	9286488	4073606	794863	334466	716623	310576	9239606	-1.3
Paper, Total	9132128	4030872	775653	329129	695984	305384	9028061	-2.0
Newsprint	8117986	3496944	697846	288918	626183	269804	8066997	-2.3
Printing, Writing & Rel. Pap.	841500	435561	62953	32238	55935	28625	769933	-2.3
Pack. & Ind. Conv. Paper	124100	64640	11907	5786	11042	5152	155974	38.5
Special Industrial Paper	3463	5393	364	618	265	451	4236	22.7
Tissue Paper	45081	28334	2584	1569	2159	1352	30920	-38.2
Paperboard, Total	154360	42734	19210	5337	20639	5192	211545	41.7
Convtd Paper&Paperbd Products	93747	141708	10198	16980	9371	15676	113184	53.8
Wet Machine Board	2184	1481	177	126	205	124	2336	34.3
Construction Paper & Board	352104	89898	21411	6489	21868	6404	239303	-34.2

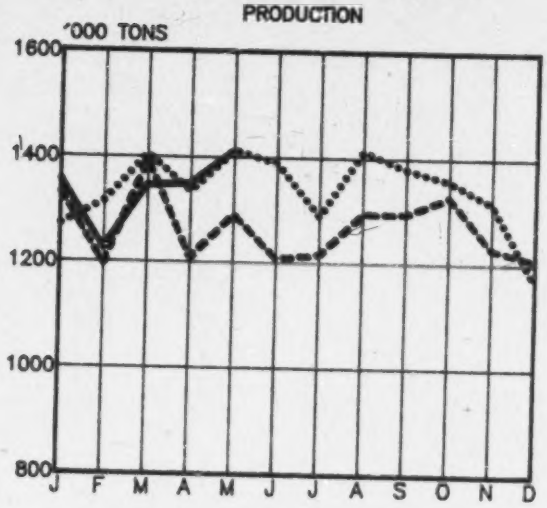
EXPORTS TO CANADA

Pulpwood, Roundwood (in cords of 128 cubic feet)	49611	2925	1884	110	4954	399	24561	-17.8
Pulpwood chips	82626	4780	14866	892	9228	509	79491	-10.5
Wood Pulp, Total	203934	79541	22680	6551	22860	6379	290577	34.9
Cotton Pulp & Other Pulp	15083	6252	2472	727	2397	816	27888	117.0
Waste Paper	209087	23249	14087	1428	14592	1459	175761	-25.8
Paper, Board & Products, Total	736140	485290	81582	38054	78605	39538	953756	28.8
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Bd.	579768	333614	70280	26752	66282	27183	796981	38.4
Paper, Paperboard & Products	710785	473839	79534	37115	76042	38664	925769	29.4
Paper & Paperboard, Only	554413	322162	68231	25812	63719	26308	768995	39.6
Paper, Total	271754	223971	30495	17602	26134	16572	326146	5.6
Newsprint	3757	3276	144	139	319	240	2773	-22.2
Printing, Writing & Rel. Pap.	133800	118625	9725	8571	10728	8653	123306	-23.0
Pack. & Ind. Conv. Paper	41327	23536	2767	1685	1717	1120	29596	-39.4
Special Industrial Paper	90071	74893	17630	6860	13095	6114	167699	79.0
Tissue Paper	2799	3641	230	346	275	444	2772	3.1
Paperboard, Total	282658	98191	37736	8211	37585	9736	442849	83.1
Convtd Paper&Paperbd Products	156372	151676	11302	11302	12323	12356	156775	-4.6
Wet Machine Board	5786.	4243	639	408	1263	295	8494	70.7
Construction Paper & Board	19570	7209	1409	532	1299	579	19493	-3.9

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 17-Jun-86

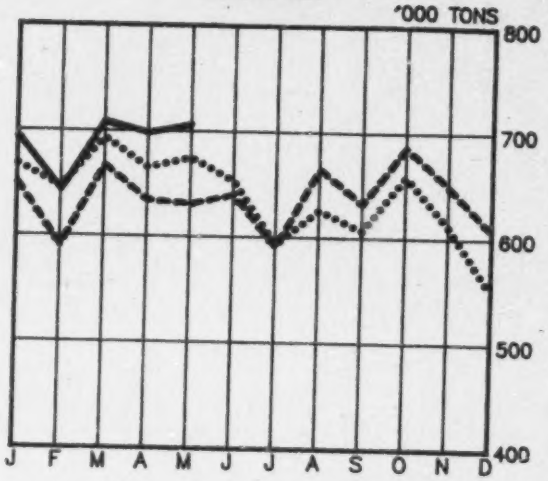
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



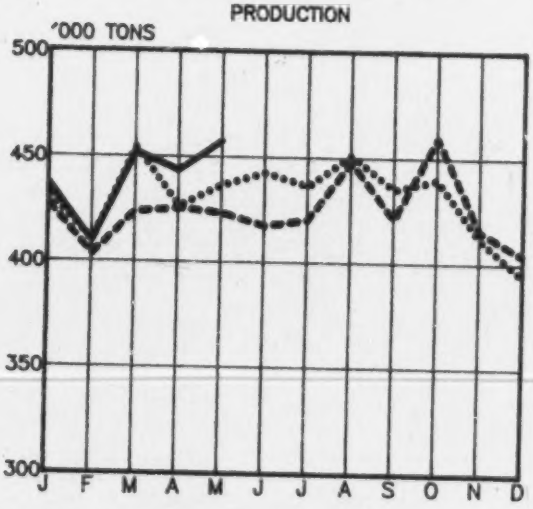
RECYCLED PAPERBOARD

PRODUCTION



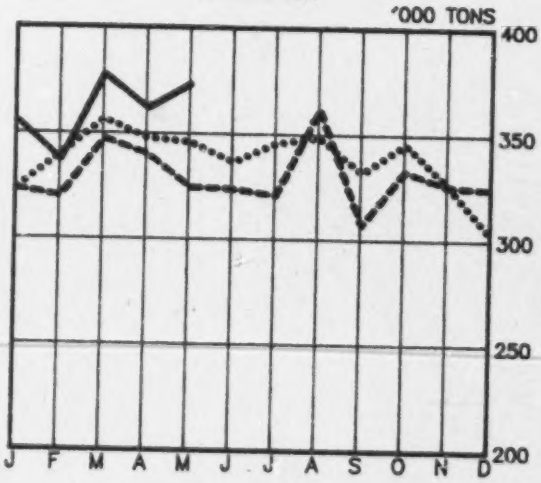
SEMICHEMICAL PAPERBOARD

PRODUCTION



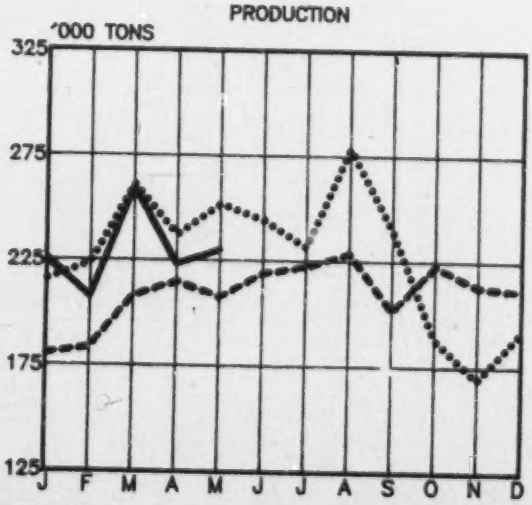
SOLID BLEACHED PAPERBOARD

PRODUCTION



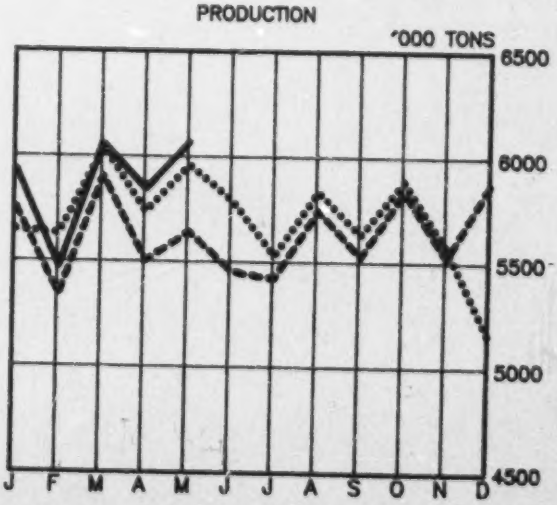
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1984 ••••••••• 1985 ▬▬▬▬1986 ——

IMPORTS

	YEAR 1985 Tons	YEAR 1985 $000	1986 MAR. Tons	1986 MAR. $000	1986 APR. Tons	1986 APR. $000	(1) Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulpwood Roundwood (cords)	31755	2606	356	35	7158	779	34278	-33.9
Pulpwood Chips	789382	22006	77471	2474	85773	1982	877083	-7.9
Total All Imports	16156209	7255817	1379215	621639	1261264	562486	16006313	-1.9
Wood Pulp Total	4465746	1520907	386728	123020	349100	113738	4359474	-2.3
Waste Paper	87413	10160	10019	963	8386	791	95535	14.9
Other Fibrous Materials	81430	26949	7630	2552	19770	2057	134606	32.1
Paper Board & Products Total	11521619	5697802	974839	495104	884008	445899	11416698	-2.1
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	11238094	5074482	942771	425057	855581	382486	11077895	-3.0
Paper Ppbd & Prds ex Cnst&WMB	11105154	5586077	945384	485425	853774	436546	11094984	-1.1
Paper & Paperboard Only	10821629	4962757	913317	415377	825347	373133	10756181	-2.3
Paper Total	10637428	4906882	889864	408061	798692	365820	10499964	-3.0
Newsprint	8496568	3638716	707693	300627	658842	282104	8389389	-2.2
Printing & Writing	1912867	1116225	159067	92370	122282	72901	1827263	-9.8
Uncoated Groundwood	1027211	530619	80081	43114	57681	29930	896315	-16.6
Coated Print.& Impreg. Pap.	496072	363855	35844	26080	33595	24649	440390	-28.7
Uncoated Free Sheet	364848	198432	39227	20530	27083	15425	444546	44.5
Uncoated Book	200927	106586	20464	11110	14423	7972	224138	48.6
Writing and Similar Paper	163921	91846	18763	9420	12660	7453	220407	40.6
Thin (except Cigarette)	23712	22276	3876	2606	3862	2840	45530	80.6
Bristols	1024	1043	39	40	61	57	482	-47.6
Total Pkg & Other Paper	172003	116390	18279	12095	14986	9020	223161	37.6
Unbleached Kraft Paper	63604	23976	6866	2393	7685	2812	88904	84.6
Other Pkg. & Indust. Paper	108398	92414	11414	9702	7302	6208	134258	17.8
Tissue	55991	35551	4826	2970	2582	1796	60150	12.3
Paperboard, Total	184201	55875	23452	7316	26655	7313	256217	40.2
Test or Containerboard	50975	16848	8111	2681	5237	1749	71542	33.5
Semi-Chemical Corrugating	65203	13706	7725	1561	9356	1666	86601	55.4
Other Paperboard	68023	25321	7616	3075	12062	3898	98074	33.4
Convtd Paper&Paperbd Products	283525	623320	32068	70047	28427	63413	338803	41.3
Paper Products, Total	258934	572316	29716	65109	26158	58588	312827	45.9
Paperboard Products, Total	24592	51004	2352	4939	2270	4825	25976	2.8
Wet machine Board	3270	2585	614	441	211	128	3865	31.6
Construction Paper & Board	413196	109140	28840	9238	30023	9225	317849	-23.7
Notes								
Other: No Weight Avail. ($000)		228219		15992		14137	185398	-6.2
Total Imports Incl. Other($000)		7484036		637631		576622	7355847	-3.5

EXPORTS

							(1)	
Pulpwood, Roundwood (cords)	51765	3037	1884	110	5460	422	31776	6.3
Pulpwood Chips	2116137	168814	178327	12922	159060	10830	1999383	-14.6
Total All Exports	11261281	4042068	1168251	386976	1131458	361418	13053717	15.5
Wood Pulp,Total	3791102	1352708	413823	134526	357752	126329	4443117	18.5
Cotton Pulp and Other Pulp	107224	71802	14553	7032	19465	9052	203982	119.8
Waste and Old Paper	3285926	349258	315895	31205	338276	34609	3704745	9.3
Paper, Board & Products,Total	4077029	2268300	423980	214212	415963	211428	4701873	15.5
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3586119	1588157	383515	157220	374312	151831	4198537	18.7
Paper, Ppbd & Prod ex Cnst&WMB	4008221	2228594	416034	209536	407994	207796	4603797	15.0
Paper & Paperboard, Only	3517311	1540451	375569	152543	366343	148199	4100461	16.2
Paper, Total	779000	594338	78443	56002	69092	50013	850378	0.3
Newsprint	314385	131379	27326	13822	23691	11782	304310	-11.5
Printing & Writing	202826	201845	17624	16133	16542	15399	202141	-9.2
Uncoated Groundwood	36779	31727	5679	3582	4523	3008	52585	30.2
Clay Coated Paper	82461	65710	6651	5183	6457	4898	82287	-3.3
Uncoated Free Sheet	64573	77929	3964	5405	3448	4786	49368	-37.3
Other Printing & Writing	19013	26479	1330	1963	2113	2708	17901	-2.8
Total Pkg. & Other Paper	243671	242909	32050	24283	27045	20948	328287	29.4
Unbleached Kraft	67695	29931	5074	2173	6530	2543	67550	-0.6
Other Pkg. & Indust. Paper	175976	212978	26976	22109	20514	18404	260737	40.3
Tissue	18118	18205	1444	1765	1814	1885	15640	-43.1
Paperboard, Total	2738310	954113	297126	96541	297251	98186	3250083	24.0
Solid Wood Pulp	2492746	872281	267028	90258	267576	91009	2887616	20.0
Total Linerboard	1807151	480909	195200	51000	198499	52533	2113479	23.7
Bleached Kraft Linerboard	130359	45687	11748	3620	11708	4442	138375	11.5
Unbleached Kraft Linerbd	1676791	435222	183451	47380	186791	48092	1975104	24.6
Other Unbleached Kraft	100651	41053	8413	3605	13373	4639	141822	59.0
Other Bleached Kraft	523091	335026	54011	33437	52023	32903	553614	1.3
Semi-Chemical Corrugating	61853	15293	9404	2215	3681	934	78702	26.1
Recycled Paperboard	245564	81833	30098	6284	29675	7176	362466	69.8
Convtd Paper&Paperbd Products	490910	680143	40465	56992	41651	59597	503336	-9.7
Paper Products, Total	237191	464174	17227	37908	19982	40497	227152	-11.9
Paperboard Products, Total	253719	215970	23238	19084	21669	19101	276184	.0
Wet Machine Board	13380	6930	1167	549	2439	611	19100	30.5
Construction Paper & Board E	554290	32776	6779	4127	5530	3020	78976	40.2
Notes								
Other: No Weight Avail. ($000)		6618		642		606	7830	15.5
Total Exports Incl. Other($000)		4048687		387618		382024	4368544	2.6

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES
1967 = 100

	1984	1985	FEB. 1986	MAR. 1986	APR. 1986	MAY 1986	Annual Rate Y-T-D 1986	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	292.9	292.2	287.9	289.0	290.1	291.3	289.2	-2.2
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	293.8	294.6	290.5	291.5	292.5	293.7	291.8	-2.0
Total Wood Pulp	395.0	347.2	330.2	335.0	333.9	345.1	335.1	-6.7
Total Paper	303.2	303.6	301.4	301.5	303.4	304.3	302.3	-0.8
Total Paper, exc. Newsprint	301.2	298.8	295.6	295.5	297.8	298.9	296.6	-1.1
Newsprint	324.1	332.9	324.8	324.3	324.1	324.1	324.3	-2.7
Total Paperboard	280.6	275.5	262.7	266.1	266.7	266.3	265.2	-7.2
Total Paper and Paperboard *	296.1	294.8	289.3	290.4	291.9	292.4	290.7	-2.7
Converted Products	280.7	288.1	285.7	286.4	287.4	288.4	286.7	-1.1
Waste Paper	240.1	148.8	136.9	139.5	146.7	149.1	140.3	-17.7
All Commodities	310.4	308.9	304.7	300.3	297.9	299.2	302.2	-2.3
Industrial Commodities	322.6	324.0	319.4	314.0	311.3	311.7	316.1	-2.3

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API

Continued from Page 2

up 4.1% from January-May 1985 levels. At the same time, inventories of containerboard at mills and plants declined, with June 1, 1986 inventories 215,000 tons below the January 1, 1986 total and 611,000 tons, nearly 21%, below their year-ago level. Nearly all the containerboard produced for the domestic market is used to manufacture corrugated shipping containers (fibre boxes). The Fibre Box Association reported that the rate of fibre box shipments continued strong, with the May total 3.4% over the volume shipped in May of 1985, although down slightly from the record-high rate of April 1986. For January-May as a whole, fibre box shipments were 4.6% over their comparable 1985 total. Adjusted for seasonal and workday factors, the rate of box shipments in the first five months of 1986 was about 281 billion square feet per year, compared with the 267 billion square feet shipped in all of 1985.

Production of boxboard for domestic use has shown a strong trend, rising 6.2% from its year-earlier total. The annual rate of production, at 6.1 million tons, was also well above the 1984 and 1985 totals.

The rebound in production of paperboard for export continued last month as the effects of the declining value of the dollar permeated further into the industry's export markets. Most of this strength was concentrated in exports of unbleached kraft paperboard, which were up 17.7% from their corresponding 1985 level. Production of semi-chemical paperboard for export also showed a firm percentage growth, up 15.0%, with the volume at 177,000 tons per year. Exports of solid bleached paperboard, at 507,000 tons per year, were 7.1% above their year-ago rate. The paperboard total produced

Continued on Page 11

for export, at 2.75 million tons per year, is close to the 2.73 million tons exported in 1984.

FIBROUS MATERIALS

Both production and shipments of chemical paper grade market pulp eased slightly in May from the record high levels achieved in the earlier months of the year, but the average rate for the entire January-May period remained at record highs. Production of these grades, at 6.0 million short tons per year, was 7.3% above the comparable 1985 total, while shipments, at 6.3 million tons per year showed an 11.3% gain.

Virtually all the gains were in the bleached and semi-bleached kraft pulp sectors, with demand for the other grades showing only modest changes from year-ago levels.

The higher rate of shipments relative to production brought inventories of chemical paper grade wood pulp down by 120,000 tons in the first five months of this year. Inventories at the end of May were equivalent to 22 days of supply compared to the year ago rate of 34 days of supply.

Consumers of market pulp had increased their purchased inventories by about 10% during the first quarter of 1986, adding nearly 50,000 tons to the total. However, data for April (the latest available) show that inventories of market pulp at consumers fell about 14,000 tons during that month.

The 11% gain in shipments of chemical paper grade market pulp from U.S. mills in the first five months of 1986 was almost entirely the result of increases in exports; shipments to domestic mills in that period rose by only 1%. All major markets showed strong gains, with shipments to Western Europe (including UK) up 21% and shipments to Japan up 28%.

Total wood pulp production also continues at record high rates. Data through April 1986 show total wood pulp production about 2.7% over its year ago level (See table on page 5). The increases were concentrated in the chemical paper grades; the groundwood and semi-chemical pulps showed virtually no change from year ago levels in this period.

While the consumption of fibrous raw materials at paper and paperboard mills has more or less kept pace with this production total (see table at bottom of page 5), the use of recyclable paper in the first four months of 1986 showed a much stronger recovery than that of wood pulp. Recyclable paper use grew at 5.7%, while wood pulp increased by 1.9%. This reversed the pattern evident in 1985, when recyclable paper consumption showed a much larger decline

Continued on Page 12

than wood pulp consumption. Another indication of the rising use of recyclable papers was the gain in the waste paper utilization rate (the ratio of waste paper consumption at paper and board mills to paper and board production); the five-month 1986 rate was 23.0%, compared to 22.6% for all of 1984 and 22.3% in 1985.

CAPITAL EXPENDITURES

The Department of Commerce has recently released new data on expenditures for plant and equipment. The new data indicate that paper and allied products companies expect to spend a record high $9.1 billion on new plant and equipment in 1986, 6.7% above the previous high established in 1985 and 26% above the 1984 level.

However, the Department of Commerce also notes that in the first quarter of 1986 expenditures on new plant and equipment by paper and allied products companies was at the rate of $8.6 billion per year, seasonally adjusted, compared to $9.6 billion per year in the fourth quarter of 1985 and $8.6 billion in the third. Apparently the seasonally adjusted figures have rather large fluctuations. The Department of Commerce notes that the estimates of plant capital expenditures by business in 1986 were based on reports made in late April and early May. In order for the paper companies to achieve the projected 1986 average outlay, the government reported that expenditures will have to rise to a remarkable $9.6 billion per year by the last quarter of 1986.

These gains are in sharp contrast with the pattern shown for business as a whole and for non-durable goods in particular. For example, capital expenditures for all industry in 1986 are projected to rise by a scant 0.2% in current dollars; when adjusted for the very modest 1.5% increase in prices for new plant and equipment as projected by the Department of Commerce, expenditures in real terms show a 1.3% loss. However, much of the weakness is capital expenditures projected for manufacturing companies in 1986 reflects the decline in expenditures by petroleum companies. Excluding expenditures by petroleum companies, the data show that the remaining manufacturing industries will increase their expenditures an average 2% from in 1986, pointing to a small gain in real capital expenditures after the 1.5% increase in average prices is taken into account. The gains expected in plant and equipment expenditures are largely centered outside the manufacturing sector; the total of the manufacturing companies on even a current dollar basis is expected to decline by 2.6%, while non-manufacturing companies are expected to spend 2.1% more in 1986 than they did in 1985.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

June 30, 1986

PRODUCTION (000 TONS)

	May 86	Apr. 86	Apr. 85	Jan. - Apr. 86	Jan. - Apr. 85	% Change 86/85
PAPER GRADES						
Newsprint	492	451	461	2329	2292	1.6
Printing & Writing	1608	1606	1553	8053	7820	3.0
Uncoated Groundwood (s)	120	127	118	620	621	-0.1
Coated Paper (s)	497	510	500	2518	2619	-3.8
Uncoated Free Sheet Paper (s)	876	856	825	4339	4030	7.7
Thin Paper (s)	20	19	22	98	107	-8.1
Cotton Fiber Paper (s)	13	13	13	64	61	5.4
Bleached Bristols (s)	83	81	75	413	383	7.8
Tissue Paper	456	422	420	2144	2050	4.6
Total Pkg & Other Paper	453	443	445	2182	2191	-0.4
Unbleached Kraft Packaging & Indl. Converting (s)	297	293	291	1436	1435	0.1
Other Paper *	157	151	154	746	755	-1.2
TOTAL PAPER	3009	2923	2878	14708	14353	2.5
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1529	1424	1391	7236	6884	5.1
Unbleached Kraft Linerboard	1411	1348	1290	6681	6415	4.2
Other Unbl. Kraft Paperboard	119	76	101	555	469	18.2
Semichemical Paperboard	457	443	423	2198	2102	4.5
Bleached Paperboard	373	361	324	1804	1654	9.1
Recycled Paperboard	705	697	630	3444	3167	8.8
TOTAL PAPERBOARD	3065	2926	2769	14682	13807	6.3
TOTAL PAPER AND PAPERBOARD	6074	5849	5647	29391	28161	4.4

WOOD PULP (ALL GRADES)	Apr. 86	Mar. 86	Apr. 85	Jan. - Apr. 86	Jan. - Apr. 85	% Change 85/84
Dissolving & Special Alpha	97	109	104	408	427	-4.4
Bleached Sulfite	119	114	123	464	469	-1.0
Unbleached Sulfite	14	14	17	56	80	-29.9
Bleached & Semi-Bl. Sulfate	2000	2045	1833	7967	7577	5.1
Unbleached Sulfate	1570	1749	1533	6645	6496	2.3
Semichemical	347	346	333	1350	1344	0.4
Groundwood & Thermomechanical	457	467	451	1812	1812	.0
TOTAL PULP DIVISION DATA	4604	4844	4394	18700	18204	2.7

(s) - Shipments R - Revised
P - Preliminary

JUNE 30, 1986

	Full Year		INDUSTRY DATA 1985 - 1986			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD -- Tons (000)	1984	1985	Mar	Apr	May	1986	
Total Production (API).....: excluding :...	68450	67063	6065	5849	6074	70537	4.4
Total Seasonally Adjusted....:construction:...			5706	5846	5856	69656	4.4
Imports (including Products).: and wet :..E	10576	11106	945	854	N.A.	10976	-2.6
Exports (including Products).: machine :..E	4309	4009	416	408	N.A.	4643	18.6
Apparent Consumption.....: grades :...	74717 a	74160 b	6235	6292	6331	75989 c	2.6
Paper Production % Tonnage Capacity.....	92.7 g	90.6 g	92.7	91.9	91.3	92.5 gh	-
Paperboard Production % Tonnage Capacity.....	94.6 g	89.9 g	94.5	93.7	94.6	93.8 g	-
			Feb	Mar	Apr		
IMPORTS.....:Including Construction and :...	11075	11521	989	975	884	11417	-2.1
EXPORTS.....: WMB Grades (excl. HPB) :...	4387	4077	356	424	416	4702	15.5
			Feb	Mar	Apr		
MARKET WOOD PULP PRODUCTION - Tons (000).....	6898	6800	589	636	590	7310	4.1
TOTAL WOOD PULP PRODUCTION - Tons (000).....	55470	54170	4407	4844	4604	56101	2.7
WOOD PULP IMPORTS - TONS (000).....	4490	4466	335	387	349	4359	-2.3
WOOD PULP EXPORTS - TONS (000).....	3594	3791	342	414	358	4443	18.5
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			Feb	Mar	Apr		
Wood Pulp.....:consumption for:.....	54562	53297	4277	4739	4461	54579	1.9
Waste Paper.....:construction & :.....	15926	15290	1287	1413	1345	16329	5.7
TOTAL.....: WMB grades :.....	70488	68632	5564	6152	5806	70908	2.8
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	87646	85744	7261	7478	7742	91083	4.0
EMPLOYMENT (000)			Feb	Mar	Apr		
Paper and Allied Products.....Total.....	682.3	683.3	682.4	684.9	685.1	684.6	0.8
Pulp, Paper and Board Mills.....Total.....E	263.9	257.7	254.2	254.1	251.0	253.4	-2.5
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products.....	10.44	10.82	10.99	11.02	11.05	11.04	3.3
Pulp, Paper Mills.....E	12.45	13.11	13.31	13.36	13.42	13.39	4.3
Paperboard Mills.....E	12.99	13.60	13.76	13.87	13.90	13.86	3.8
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1985 Q3	1985 Q4	1986 Q1		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	7.21	8.53	8.64	9.60	8.46	8.85y	3.8
INDEX OF OUTPUT PER MAN-HOUR (1977=100).....			Mar	Apr	May		
:IN PULP, PAPER :...Production Workers.....	125.5	125.2	128.9	132.7	132.2	130.8	5.1
:AND BOARD MILLS:...All Employees.....	123.9	124.1	128.8	132.6	132.3	130.7	6.4
PAPER AND ALLIED PRODUCTS (Million $)			Mar	Apr	May		
Industry Shipments (Dept. of Commerce)*.....	95990	97664	8462	8917	8877	104592	7.6
Pulp, Paper and Paperboard*.....	41539	41830	3587	3745	3694	43994	4.8
Inventories (End of Period) - Total Industry*..	9701	9728	9781	9763	9774	9774	1.0
- Pulp, Paper and Paperboard*.....	3662	3800	3930	3901	3880	3880	2.8
			1985 Q3	1985 Q4	1986 Q1		
Sales (Corporations Only).....	71891	71465	17868	17694	17575	70300	-0.8
Earnings (Corporations Only).....	3015	2880	597	695	589	2356	-17.7
Depreciation (Corporations Only).....	2798	3099	802	775	820	3280	7.5
Net Worth (Corporations Only).....	28160	29694	29564	29780	30033	30033	2.9
PRICE INDEXES (Bureau of Labor Stats)1967=100			Mar	Apr	May		
Pulp, Paper & Products, ex. Building Grades....	292.9	292.2	289.0	290.1	291.3	289.2	-2.2
Wood Pulp.....	395.0	347.2	335.0	333.9	345.1	335.1	-6.7
Waste Paper.....	240.1	148.8	139.5	146.7	149.1	140.3	-17.7
Paper.....	303.2	303.6	301.5	303.4	304.3	302.3	-0.8
Paperboard.....	280.6	275.5	266.1	266.7	266.3	265.2	-7.2
PAPER DEMAND (INDEXED: 1977=100)							
Total Paper Production *.....	124.0	122.9	Mar 124.4	Apr 126.9	May 127.9	126.1	2.6
Paper New Supply *.....	127.6	128.8	129.9	128.9	135.8	131.6	2.0
Demand Indicators - (Weighted Average) *.....	136.7	142.1	144.1	144.8	145.5	144.6	3.0
Production of Nondurable Goods *...(21.2%).	122.5	125.5	128.0	128.8	128.9	128.7	3.8
Disposable Income .....*.(23.9%)	124.0	126.8	129.2	129.5	130.7	129.3	2.1
Total Printing and Publishing *...(54.9%).	147.8	155.1	156.7	157.7	158.3	157.4	3.2
Trend Factor			---------- Not Available ----------				
PAPERBOARD DEMAND (INDEXED: 1977=100)							
Total Paperboard Production *.....	117.3	114.3	119.8	117.5	120.9	119.9	6.2
Production for Domestic Use	115.2	112.8	118.7	113.9	119.2	117.9	5.5
Demand Indicators - (Weighted Average) *.....	118.3	120.3	122.0	120.8	121.9	121.7	1.8
Production of Consumer Goods *...(62.06%)	118.2	120.7	123.2	122.1	123.6	123.2	3.1
Production of Equipment *...(5.75%)	140.5	147.1	145.5	143.4	143.6	144.6	-1.0
Production of Materials *...(32.19%)	114.6	114.7	115.4	114.3	114.6	114.9	-0.2
Trend Factor			---------- Not Available ----------				
NEWSPRINT MARKETS			Feb	Mar	Apr		
Consumption by Publishers - Tons (000).....	12602	12773	971	1107	1103	12579	3.2
Newspaper Pub. and Printing Empl. Total(000)...	443.0	453.6	460.4	458.7	461.0	1378	2.3
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.).....	157798	153945	11852	13733	13541	146163	-1.3
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	31876	34635	2911	3169	3213	37557	11.5
Inventories (End of Period).	2724	3155	3137	3169	3157	3157	5.8
FIBRE BOX DATA (Fibre Box Association)			Mar	Apr	May		
Fibre Box Shipments (Million square feet).....	267549	267451	22446	25245	23365	281568	5.5
Container'bd Inventory at Mill & Plant(000Tons).	2882	2549	2518	2439	2334	2334	-20.7
RETAIL TRADE (Million $)			Mar	Apr	May		
Total Retail Sales *.....	1291835	1378161	116684	117139	117053	1405666	3.6
Nondurable Goods Stores Sales *.....	841417	896541	73405	72535	72344	876266	2.3
GENERAL ECONOMIC DATA			Mar	Apr	May		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1977 = 100)*..	121.8	124.5	124.4	125.0	124.2	125.2	1.0
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	310.4	308.8	300.3	297.9	299.2	302.2	-2.3
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)....	311.1	322.2	326.0	325.3	326.3	326.7	2.5
			Mar	Apr	May		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	461.0	549.9	545.6	550.2	556.8	550.2	0.1
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billion$)..			1985 Q3	1985 Q4	1986 Q1		
G.N.P. or Expenditure - Current $.....	3774.7	3988.6	4016.9	4059.3	4116.7	4116.7	5.1
G.N.P. or Expenditure - 1982 $.....	3492.0	3570.0	3584.1	3590.8	3619.2	3619.2	2.0

lb/capita

Pap&Papbd	Othr	Totl	Popul(mil)
.a - 631	+ 21	= 652	236.7
.b - 624	+ 21	= 645	238.6
.c - 645	+ 21	= 666	240.0e

.e - estimated by API

f - Wood Pulp Production excludes deb., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data; standard dev. = 6-8%
N.A. - Not Available
Q - Quarter

R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted.